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The Division does not recognize the termination of a lease prior to its stated expiration date as a property transaction. It will be presumed that the termination of a lease prior to its stated expiration date was done to increase Medicaid reimbursement; provided, however, that the presumption is rebuttable if the provider can demonstrate by clear and convincing evidence that the lease was terminated for some other legitimate purpose. In the event of the termination of a lease prior to its stated expiration date, the facility's Property and Related reimbursement rate will then be based upon historical costs or the Dodge Index Rate, whichever applies.

b. The property rate component is comprised of four sub-components:

(i) Building and Building Equipment

(ii) Major and Minor Moveable Equipment

(iii) Motor Vehicle Equipment

(iv) Land

The method of calculating the rate for each of these sub-components is described in the following paragraphs.

c. The Building and Building Equipment sub-component is calculated by dividing the reasonable construction acquisition cost by total patient days.

Reasonable construction acquisition cost is determined as follows:

i) For all existing facilities, multiply the regional Dodge Construction Index from the April - September, 1982 issue for the calendar year preceding the prospective rate year by the average construction multiplier for Atlanta. For facilities less than 30,000 square feet the cost range of 20,000 - 30,000 square feet will be used and for facilities

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30,000 square feet or greater the cost range will be based on the 30,000 - 40,000 square foot indicator. All facilities having their first property transaction after June 14, 1983 (i.e., newly constructed facilities) will use the 30,000 - 40,000 square foot range.

ii) Multiply the product from (i) by 108%.

iii) Multiply the product from (ii) by the gross square footage of the facility with a maximum of 300 square feet per bed allowed. (New facilities will use 300 square feet per bed regardless of actual square footage. Existing facilities will use actual footage up to the maximum allowable. New facilities for which a subsequent property transaction occurs will use actual square footage up to the maximum

iv) Multiply the result of (iii) by the depreciation factor. The depreciation factor is calculated by subtracting the age of the facility in years from 40 and dividing the result by 40. Where the facility is more than 20 years old, a value of 20 is used such that the facility is never more than 50% depreciated based on a 40 year life.

v) Multiply the result of (iv) by an amortization factor which is determined according to the formula below:

$$\frac{1}{1/r \times [1-1/(1+r)n\ ]}$$

r represents the return rate and n is the remaining years of life of the facility based on a 40 year life.

Total Patient Days equals 90% of the maximum number of available patient days for a given facility per year.

For facilities having their property transaction after June 14, 1983 (i.e., newly constructed facilities), the building and building equipment component will be determined in

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accordance with the effective date of that property transaction as defined in Section 1002.1(h). The regional Dodge Construction Index from April-September of the calendar year preceding the property transaction will be used to determine a building rate component. The return rate for Dodge Index facilities is 11%.

Return Rate - This percentage will be reviewed and set by the Division.

d. The Division will calculate a Moveable Equipment (major and minor) cost per bed at current replacement cost. For 1983 the value has been set at $1,600.00 per bed.

Effective April 1, 1990, this Moveable Equipment value was increased to $2176.00 per bed and effective July 1, 1993, will be increased to $2430.00 per bed. A composite life of twelve years will be used to compute the amortization factor. The major and minor moveable equipment sub-component is calculated by multiplying the cost per bed by the amortization factor and dividing the product by total patient days. The current replacement cost will be reviewed by the Division of Medical Assistance and may be indexed utilizing the medical equipment price index published by the Centers for Medicare and Medicaid Services or another appropriate proxy for moveable equipment cost.

e. The Division will calculate a reasonable allowance for Motor Vehicle Equipment. For 1983, the value has been set at $8,000.00 per 100 beds or fraction thereof. A life of four years will be used to compute the amortization factor. The motor vehicle equipment sub-component as calculated by multiplying the reasonable allowance by the amortization factor and dividing the product by total patient days.

The reasonable allowance will be reviewed by the Division and may be indexed utilizing the transportation component

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of the Consumer Price Index or another appropriate proxy for motor vehicle equipment cost.

f. In calculating the Land sub-component, acreage will be screened for cost reasonableness and limited to the lower of actual acres or the maximum established for the facility. The maximum varies according to the number of beds and facility location (rural or urban).

For a facility in an urban area (i.e., a Metropolitan Statistical Area-MSA-county), land is limited to three acres for a 100 bed home plus one acre for each additional 100 beds or fraction thereof. The maximum cost allowed per acre is $70,800. For any provider which applies for an adjustment to its Property and Related Net Per Diem on or after April 1, 1987, due in any part to costs associated with the acquisition of land (including, but not limited to purchases and leases), such land acquisition costs shall be allowable only to the extent that they do not exceed $70,800 per acre. In a rural area (non-MSA), land is limited to five acres for a 100 bed home plus one acre for each additional 100 beds or fraction thereof. The maximum cost allowed per acre is $42,480. For any provider which applies for an adjustment to its Property Related Net Per Diem on or after April 1, 1987, due in any part to costs associated with the acquisition of land (including, but not limited to, purchases and leases), such land acquisition costs shall be allowable only to the extent that they do not exceed $42,480 per acre.

Reimbursement for additional land for facilities in urban and rural locations will be allowed to meet requirements such as local codes for sewage disposal, parking, and density.

Original land cost should be documented by original accounting records, county records, or an acceptable reasonable basis such as an allocation procedure. If the

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original land cost cannot be properly documented, no allowed rate will be calculated.

(i) To calculate the rate for facilities with land areas exceeding the maximum allowable:

(a) Divide the allowable original land acquisition cost by the total acreage.

(b) Multiply the average acquisition cost per acre by the maximum allowable land areas as determined by the rules outlined above.

(c) Multiply the result in (i)(b) by the return rate.

(d) Divide the result from (i)(c) by the number of patient days.

(ii) To calculate the rate for facilities with land areas at or below the maximum allowable:

(a) Multiply the allowable land and acquisition cost by the return rate.

(b) Divide the result from 2(ii) by the number of patient days.

The property rate component will be set at the sum of the building and building equipment, moveable equipment, motor vehicle equipment and land rate subcomponents.

g. For any facility having an Initial Transaction after July 13, 1978, and which has a subsequent transaction on or after June 15, 1983, by the same party, a related party, or a different operator within ten years after the initial transaction, reimbursement is defined in subparagraphs (i) and (ii) below.

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(i) During the ten years following an initial transaction prior to June 15, 1983, reimbursement will be the lesser of:

(a) reported costs of the subsequent transaction (the most recent lease, sale or change of ownership occurring within 10 years of the initial transaction),

(b) the Standard Per Diem, if the initial transaction occurred after May 6, 1981, but before June 15, 1983, or

(c) costs as determined by paragraphs (b) through (f) as the date of the lease, sale, or change of ownership that gave rise to the application of this paragraph.

(ii) During the ten years following an initial transaction after June 14, 1983, reimbursement will be the lesser of:

a) costs as determined by paragraphs (b) through (f) at the date of the initial transaction, or

(b) costs as determined by paragraphs (b) through (f) at the date of the subsequent transaction.

h. For a facility having an addition, expansion, or renovation after June 14, 1983, reimbursement will be determined as follows:

(i) If the facility was being reimbursed under the provisions of paragraphs (a) through (g), reimbursement will not be increased as the result of

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renovation unless all of the following conditions are satisfied:

- the renovation is mandated by state or federal law as implemented through policies and procedures of the Georgia Department of Human Resources Standards and Licensure Unit
- the additional reimbursement is determined by a replacement cost appraisal (however, at the Division's discretion, for capital items not affecting the entire facility, multiple, competitive arm's length bids by contractors can be used instead of replacement cost appraisals).
- the provider could not with reasonable diligence ascertain that the renovation would be required by the Georgia Department of Human Resources Standards and Licensure Unit. Reasonable diligence will include but is not limited to obtaining an inspection and its resulting report by the Architect of the Standards and Licensure Section specifically for the purpose of determining what repairs, renovations or other actions will be required of the facility to meet all applicable physical plant requirements, as well as all other inspections and deficiency reports on file at the Georgia Department of Human Resources Standards and Licensure Unit for that facility.

(ii) If the facility was being reimbursed under the provisions of paragraphs (a) through (g), reimbursement for additions and expansions will be subject to limitations described in paragraphs (b) through (f). If the addition or expansion does not

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add beds, there will be no additional reimbursement. If beds are added, the addition will be treated in a manner similar to a new facility to determine a separate property rate sub-component for the addition.

1002.6 Overall Limitations on Total Allowed Per Diem Billing Rate

In no case shall the Total Allowed Per Diem Billing Rate, whether determined under either Section 1002.2 or Section 1002.3, Nursing Facility Manual, exceed the facility's customary charges to the general public for those services reimbursed by the Division.

1002.7 Payment in Full for Covered Services

The facility must accept as payment in full for covered services the amount determined in accordance with Section 1002, Nursing Facility Manual.

1002.8 Adjustments to Rates

Payment rates for state-owned nursing facilities will be adjusted to 100% of service costs. This provision will apply in addition to all others in this chapter and will supersede those that are in direct conflict only to the extent that they are not capable of simultaneous application.

1003. Additional Care Services

1003.1 Required Nursing Hours

The minimum required number of nursing hours per patient day for all nursing facilities is 2.50 actual working hours.

1003.2 Failure to Comply

a) The minimum standard for nursing hours is 2.50.
b) Facilities found not in compliance with the 2.50 nursing hours will be cited for being out of compliance with a condition of

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participation. This will lead to imposition of a civil monetary penalty, denial of reimbursement for newly admitted patients, or suspension or termination whichever is appropriate as determined by the Division.

1004. Medicare Crossover Claims

The maximum allowable payment for Medicare nursing facility coinsurance (crossover) claims will be the nursing facility's Medicaid specific per diem rate in effect for the dates of service of the crossover claims. The crossover claims will not be subsequently adjusted due to subsequent per diem rate adjustments. This section is also included in Chapter 1100 of the Manual.

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APPENDIX D

UNIFORM CHART OF ACCOUNTS, COST REPORTING, REIMBURSEMENT PRINCIPLES AND OTHER REPORTING REQUIREMENTS

General

This appendix discusses the use of a uniform chart of accounts, the annual submission of a cost report, the principles of reimbursement which comprise the basis for the financial reporting requirements of facilities participating in the Georgia Medicaid Program and other reporting requirements. The Georgia Division of Medical Assistance Uniform Chart of Accounts as comprised on the date of service is incorporated by reference herein. A copy is available from the Division upon request. Cost reports and instructions are made available to each facility near the end of the reporting period. The reimbursement principles discussed in this appendix are selected from the Centers for Medicare and Medicaid Services Provider Reimbursement Manual (CMS-15-1). Copies of the Manual, which provide a detailed description of allowable costs, are available from the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services.

1. Uniform Chart of Accounts

The Georgia Division of Medical Assistance requires that all nursing facilities participating in the Medicaid Program utilize the classification of accounts shown in the Uniform Chart of Accounts in reporting its financial operations in the cost reporting system. While it is not mandatory that books of original entry or ledgers be maintained in accordance with the Uniform Chart of Accounts, facilities are strongly encouraged to do so. The Uniform Chart of Accounts has been designed to meet management needs for budgeting information, information flow, internal control, responsibility accounting and financial reporting. Also, it has been designed in such a manner that accounts may be added or deleted to tailor the financial information to the facility's needs.

Should a facility elect to maintain its books of original entry or ledgers in a manner other than that specified in the Uniform Chart of Accounts, the facility is required to have available a detailed description of how its accounting system differs. This description of differences must be used by the facility for converting the output of its reporting system into the format specified in the Uniform Chart of Accounts. This description of differences and conversion of reporting information into the proper format are considered to be essential components of a